

Council of Inspectors General on Financial Oversight

Initial Meeting

Thursday, October 21, 2010

Main Treasury

Ulysses S. Grant Room 2127

10:00 a.m.

Minutes

Council Members Present

The Honorable Eric M. Thorson, IG, Department of the Treasury, Chair
Elizabeth Coleman, IG, Board of Governors of the Federal Reserve
A. Roy Lavik, IG, Commodity Futures Trading Commission
James Heist, Assistant IG for Investigations, Department of Housing and Urban
Development (substitute for Michael Stephens, Acting IG)
The Honorable Jon T. Rymer, IG, Federal Deposit Insurance Corporation
The Honorable Steve A. Linick, IG, Federal Housing Finance Agency
William DeSarno, IG, National Credit Union Administration
David Kotz, IG, Securities and Exchange Commission
The Honorable Neil Barofsky, Special IG for the Troubled Asset Relief Program

Others Attending

The Honorable Phyllis Fong, Chair, Council of Inspectors General on Integrity
and Efficiency
Tricia Hollis, CIGFO Executive Director

Guests

Glen Sears, Staff Director of the House Financial Services Subcommittee on
Oversight and Investigations
Amias Gerety, Senior Advisor to the Assistant Secretary to Financial Institutions,
Department of the Treasury
Laurie Schaffer, Assistant General Counsel for Banking and Finance,
Department of the Treasury

The meeting was called to order by Chairman Thorson at 10:05 a.m.

Mr. Thorson introduced Glen Sears, Staff Director of the House Financial Services Subcommittee on Oversight and Investigations (O&I), chaired by Rep. Dennis Moore (D-KS), to discuss the Congressional intent behind the legislation creating the CIGFO.

Mr. Sears said the economic crisis has exposed cross-cutting problems over which no one single agency had jurisdiction. He stated that Congress determined that some entity needed to look at the systemic risks and take action and created the Financial Stability Oversight Council (FSOC). The CIGFO was created to provide oversight of the FSOC was charged with three key responsibilities – quarterly meetings, an annual report, and working groups.

Chairman Thorson introduced Amias Gerety, Senior Advisor to the Assistant Secretary to Financial Institutions, and Laurie Schaffer, Assistant General Counsel for Banking and Finance, of the Department of the Treasury to report on the Financial Stability Oversight Council.

Mr. Gerety indicated that FSOC was dealing with both operational challenges and policy challenges and was developing proposals to address them. He said that, to date, the FSOC has established by-laws and a transparency policy and was in the process of working out a budget and staff support.

Ms. Schaffer clarified the legal authority given to FSOC.

Chairman Thorson discussed the requirement of the CIGFO to compile an annual report with individual contributions as well as joint recommendations. He emphasized the importance of keeping CIGFO discussions confidential and stressed that ongoing communication with FSOC was critical to the success of both organizations.

Chairman Thorson opened the discussion up for questions from CIGFO members. Mr. Sears stressed the Congressional expectation that FSOC and CIGFO would have a collaborative relationship. He also stressed the need for confidentiality.

Council members discussed the mechanism for convening working groups, the authority necessary to perform the appropriate oversight of FSOC, and the challenges ahead in carrying out the work.

Chairman Thorson asked for consideration of the draft Charter distributed to the CIGFO members in advance of the meeting. **On a motion by Mr. DeSarno, seconded by Ms. Coleman, the membership approved the Charter as modified by Mr. Barofsky** (see attached).

Chairman Thorson indicated the need for a Vice Chair and said that Ms. Coleman had indicated an interest in serving. **He asked if others were interested and, hearing none, asked for election of Ms. Coleman. Mr. Barofsky seconded and the membership approved the election of Elizabeth Coleman as Vice Chair.**

Chairman Thorson called on Ms. Hollis to discuss the proposed timeline for the CIGFO annual report and future standing meeting dates. He then opened the meeting for general discussion.

Council members again discussed the role of CIGFO in overseeing the FSOC and the authority of potential working groups. Chairman Thorson stated that he would call a meeting of CIGFO in late November and indicated that he would like to see Mr. Rymer head an ad hoc committee on governance issues.

Chairman Thorson adjourned the meeting at 11:50.